

Advertising Age

Crain's International Newspaper of Marketing. In Two Sections, Section 1.



BK's \$200M strategy shift

Burger King Corp. shifts from limited-run "event marketing" to long-term positioning with a \$200 million "This is a Burger King town. We know how burgers should be" campaign breaking June 1 via J. Walter Thompson USA, New York. (See story on Page 2.)

New advertiser co-op accents fall of 15%

By STEWART ALTER

The changing nature of agency-client relationships hit home last week in two dramatic ways.

- The Assn. of National Advertisers reported that for the first time in history, most clients no longer were using the 15% agency commission, until now the dominant form of agency compensation.
- Separately, but as if to sharpen the trend toward greater client involvement with media-budget management, reports surfaced that a new cooperative media-buying option was being offered to major advertisers.

The venture, to be owned by advertisers, reportedly calls for a pooling of budgets so that greater media-buying efficiencies could be extracted from agency-created media plans.

Money saved through this procedure would be returned to the co-op members.

Against this background, the ANA survey on agency compensation methods took on added meaning. The ANA revealed that only 43% of its 282 members still

use the straight 15% commission, compared with 52% in 1983. In 1976, the first year the full survey was conducted, 68% of advertisers used the 15% method.

An additional 28% of the current respondents said they used some percentage other than 15% for compensation, and that was "usually less than 15%," according to William Weilbacher, president of Bismark Corp., New York, who presented the findings at the ANA Advertising Financial Management Conference this month.

"The trend appears to be toward bargain-making between advertisers and their agencies," said Mr. Weilbacher. He said that with the expansion of agency services beyond traditional advertising, clients are showing a greater interest in "defining more closely just what services are wanted and needed."

In exchange for these lower commission rates, major advertisers lately have been more willing to take on the media-buying function, internally or through media-buying agents. A novel variation of this method reportedly is being offered by William (Continued on Page 91)

Back first-run shows with ads, cash

Marketers into syndie fare

By VERNE GAY

New York—In what could become one of the hottest media-buying trends in a decade, several major marketers are taking multi-million-dollar ownership positions in first-run syndicated programs.

Following its estimated \$10 million agreement with Group W for the production of one-hour health specials and a 1987 sitcom (AA, May 19), Bristol-Myers is reportedly on the verge of closing similar deals with several other syndicators.

Procter & Gamble, by far the most aggressive advertiser following this path, has an agreement with the NBC-owned tv stations and LBS Communications to produce a first-run situation comedy tentatively titled

"You Can't Take It With You." The show would air next year and would earn P&G close to a third of any profits.

General Foods Corp., which has made similar buys in the past, is reportedly seeking more syndication programing deals. So is General Motors Corp., which has produced the network "George Washington" miniseries and its sequel but has never been in first-run syndication.

In an unusual move, Campbell Soup Co. reportedly is trying to sell programing directly to tv stations without the shows carrying any of its advertising.

Johnson & Johnson and Clorox Co. are also reported to be seeking deals with syndicators, although (Continued on Page 92)

BBDO's French accent helped woo, win Apple

By CLEVELAND HORTON

Apple Computer severed one of its last ties with its entrepreneurial past—and with modern advertising history—when it lowered the boom on Chiat/Day last week and awarded its \$50 million U.S. account to BBDO International.

For BBDO, the victory bore traces of a "Made in France" label. BBDO's presentation relied heavily on input from Philippe Michel, president-creative director of the agency's sister office in Paris, CLM/BBDO, which handles the Apple account in France.

Mr. Michel assisted the new-business team by attending strategy sessions and critiquing the speculative creative work, according to Tom Clark, president of New York-based BBDO. Mr. Clark insisted, however, that none of the work presented included Mr. Michel's work and that he wasn't present during the pitch.

Mr. Michel is known to have close ties to Apple vp-product development Jean-Louis Gasse, formerly head of Apple France. Mr. Gasse, who was out of the country when Apple's agency decision was made, said he was "ambivalent" about the change. "I was very happy with BBDO in France," he said in a telephone interview from Tokyo, "but I'm sad we're severing our relationship with Chiat/Day."

Word of the decision, delivered late May 19 by Apple chairman John Sculley in a phone call to Chiat/Day chairman Jay Chiat, came as no surprise at the agency. "We were prepared for it," Mr. Chiat said. "And we were planning for it."

Chiat/Day ran page ads in the *New York Times* and *San Jose Mercury News* May 22 bidding farewell to its client of almost seven years. The ads used the familiar Apple ad typeface and thanked Apple for the relationship. "You've done for us what VW did for Doyle Dane Bernbach, what Hathaway did for Ogilvy & Mather, what McDonald's did for Needham, Harper & Steers," the ad read.

Since the megamerger of BBDO-Doyle Dane Bernbach-Needham Harper Worldwide was announced, BBDO has picked up Apple's \$50 million U.S. account and Needham has added the \$40 million Michelob brand from Anheuser-Busch. These have begun to offset the losses necessitated by conflicts, such as Needham's selling off its Los Angeles office into a separate \$100 million agency to handle the American Honda account and BBDO's resignation—forced by A-B, a major Needham client—of its \$80 million in Stroh Brewery Co. media billings, much of that an agency-of-record buying assignment (Continued on Page 91)

WFA cool to agency merge fest

By TONY THOMPSON

Tomboro—They didn't put it on the program, but they might as well have.

The recent spate of agency combinations dominated the World Federation of Advertisers' 34th General Assembly here last week.

"The final chapter on these mergers hasn't been written," said Robert Goldstein, vp-advertising at Procter & Gamble, Cincinnati.

"The client chapter has yet to come."

Officials from P&G, New York-based Bristol-Myers Co. and others attending the meeting were ex- (Continued on Page 91)

Last Minute News

Buyout rumors buzz along Madison Avenue

New York—The Interpublic Group of Cos. denied reports circulating last week that it is exploring separate acquisitions of N W Ayer here and Tatham-Laird & Kudner in Chicago. "I'm not talking to either one of them," said chairman-ceo Philip Geier Jr. TLK also has been reported to be in discussions with Saatchi & Saatchi Co., though chairman-ceo Charlotte Beers, while acknowledging past talks with Saatchi, said there are no ongoing or active conversations and that the agency is not interested in a merger. Separately, HBM/Creamer vice-chairman Harold Strauss denied widespread reports that his \$380 million agency was involved in serious negotiations to be sold, possibly to an overseas agency.

DYR's Brody expected to head IAA

CHICAGO—DYR Worldwide president-ceo Alexander Brody is expected to be elected president of the International Advertising Assn. this week at its World Congress here, sources said. He will succeed A.E. (Tubby) (Continued on Page 8)

HIGHLIGHTS

Clients rein in fees

The changing nature of agency-client relationships hit home last week as the Assn. of National Advertisers released a study showing less support for the 15% agency commission than ever.

BBDO to polish Apple

Apple Computer severed one of its last ties with its entrepreneurial past when it lowered the boom on Chiat/Day last week and awarded its \$50 million U.S. account to BBDO International.

Marketers buy into programing

In what could become one of the hottest trends in a decade, major marketers are taking ownership positions in first-run syndicated programs.

Y&R on P&G hit list?

Procter & Gamble has shifted brand management responsibilities in its recently acquired Richardson-Vicks unit in order to combine operations of the two companies by product categories. Industry sources say the brand realignment is the first step toward a rearrangement of R-V's agency roster, with Young & Rubicam considered vulnerable because of its earlier resignation as a P&G shop and its subsequent appointment by P&G rival Colgate-Palmolive Co.

Eurocom seeking U.S. deal

Eurocom, Europe's largest agency network, last week set the stage for selling one of its major arms to a U.S. agency. The network purchased an additional stake in the Belier agency group, increasing its share to 95% from 45%, to make the French operation attractive to U.S. investors. One of the prime suitors for a piece of Belier is BBDO.

Michelob campaign breaks

Needham Harper Worldwide last week broke a new campaign for Anheuser-Busch's superpremium Michelob brand only days after winning a seven-month battle for the \$40 million account. Needham now handles all three of A-B's superpremium beers—Michelob, Michelob Classic Dark and Michelob Light.

Nielsen back to diaries

A.C. Nielsen Co. last week succumbed to pressure from the Big 3 tv networks and agreed to postpone the introduction of its people meter until 1987.



IAA meet begins today

The International Advertising Assn. opens its 30th World Congress in Chicago today. More than 1,000 advertising and marketing executives from around the world are participating in the weeklong meeting.

FEATURES



Lucie's show

What can a spunky, fast-talking ex-secretary from Cleveland bring to Hollywood that Hollywood hasn't already seen? Plenty, say those who know Lucie Salhany, domestic tv/video programing president at Paramount Pictures. "She rolls up her sleeves and gets in there. And she leaves her mark," says a former colleague. "She won't shrink from the challenge."

Half-century for the Gate

The Golden Gate Bridge's 50th anniversary celebration, billed as the West's answer to the Statue of Liberty gala, is a year away, but the fireworks have already begun.

BASICS

Sales promotion growing

Sales promotions are being adopted by even the most conservative businesses as the category grows to an expected total of \$60 billion to \$65 billion in 1986. This month's Basics looks at the most common types of sales promotions and their results.

INTERNATIONAL

Fleet Street looks west

The once-sluggish U.K. newspaper industry is now poised for growth, and the U.S. appears to be a likely place for expansion and acquisitions. Growth is made possible by an improving cash flow resulting from new technology and the weakening position of the print unions.

Beer come the Aussies

Australia's two brewing giants, Carlton & United Breweries and Bond Brewing, plan major attacks on the U.S. beer market this year.

OTHER NEWS

The Army's decision to throw its \$85 million recruiting account up for early review stems in part from the conviction of an N W Ayer vp on charges he embezzled \$60,000 from the account. Page 3.

CBS executives last week said they expect to be the top-rated tv network in 1986-87, despite critics and advertiser predictions of another NBC victory. Page 12.

ConAgra's Armour Processed Meat Co. is spending \$12 million on advertising in only three markets to support its test of a six-item Golden Star Deli Doubles luncheon meat line. Page 79.

Transamerica Corp.'s pyramid-shaped tower, last seen being scaled by King Kong, will pop up again in 5.5 million Sept. 8 issues of Time. Page 85.

Procter & Gamble's Liquid Tide leads the \$1 billion liquid laundry detergent segment for the first time since its national introduction 18 months ago. Page 88.

British Airways and Pan American World Airways rolled out sharply contrasting marketing programs last week to lure U.S. tourists abroad. Page 89.

CAMPAIGNS BREAKING

Nissan Motor Corp. USA, Carson, Cal., June 1 breaks a network tv campaign for its Stanza models during National Basketball Assn. playoff games. The spots are tagged "The all-new 1987 Stanza." William Ety Co., Los Angeles, handles (AA, March 17).

Del Monte Corp., San Francisco, today breaks a national tv and magazine campaign for its regular Hawaiian Punch. The advertising is the first Hawaiian Punch work from DYR, Los Angeles, which took over from BBDO/West last week (AA, March 3).

S.C. Johnson & Son, Racine, Wis., today breaks a \$12 million tv and print campaign for L'Envie Parfum shampoos and conditioners. J. Walter Thompson USA, Chicago, handles the campaign, themed "The essence of beautiful hair" (AA, Feb. 17).

SPECIAL REPORT



New England's old-line industries have given way to new electronics and communications companies that are breathing new vitality into the six-state region. Special Report examines banking, tourism, high technology and other factors fueling the area's revival.

BK ads aim for homey flavor

By BRIAN MORAN

Burger King Corp. June 1 breaks a long-promised \$200 million campaign using a new theme song and realistic visuals to cast BK as a down-home source of old-fashion American pride.

The campaign, themed "This is a Burger King town. We know how burgers should be," also dumps Miami-based BK's 4-year-old "Aren't you hungry?" handle, the rallying cry for the No. 2 hamburger chain's previous "Battle of the burgers" assaults against leader McDonald's Corp. and No. 3 Wendy's International.

In place of those needling messages, BK and its agency, J. Walter Thompson USA, New York, have crafted a campaign that stresses (Continued on Page 92)

Ted Bates beefs up overseas

By STEWART ALTER

Ted Bates Worldwide is making a top-level realignment following announcement of its acquisition by Saatchi & Saatchi Co. (AA, May 12). The moves signal that New York-based Bates will be devoting more attention to its overseas operations.

John Hoyne takes the new post of vice-chairman. Exec vp Larry Light succeeds Mr. Hoyne as president of the Ted Bates International Group.

"My hope is to make Bates more effective as an international network," said Mr. Light. "The challenge is to create more of global synergism... to change synergy from a cliché to (Continued on Page 91)

West Coast news

Mainero to leave McCann

McCann-Erickson's Los Angeles exec vp-general manager Frank Mainero is leaving his job after three years, on the heels of Century 21 International's decision to shift its \$25 million account from Los Angeles to McCann's New York office under the direction of exec creative director John Bergin. Craig Middleton, a senior vp on the AT&T account at McCann, New York, will replace Mr. Mainero on an interim basis. Ironically, Mr. Mainero is leaving as McCann is (Continued on Page 92)

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U.S. NewsWatch

Marketing news from regional centers across the country

Cellular One summons salespeople

WASHINGTON—Cellular One of Washington/Baltimore today breaks its first tv spots as part of a \$1 million campaign targeting salespeople. Radio and print ads support. Needham Harper Worldwide handles.

BUFFALO—Goldome FSB has assigned its estimated \$4 million tv, radio and print account to Vickers & Benson Advertising, Toronto, from Levy, King & White Advertising. Computer Marketing Services, Rochester, retains the \$1 million direct-marketing account. Faller, Klenk & Quinlan gets the \$2 million outdoor, collateral and signage business.

NEW ORLEANS—Louisiana retailers will open their doors on Sundays starting Nov. 15. Gov. Edwin Edwards will support the legislature's repeal last week of the century-old blue laws—expected to add \$3.8 million in extra sales tax revenue.

OAKLAND, CAL.—Kaiser Foundation Health Plan breaks a third-quarter campaign to improve its service image. Newspaper, outdoor, (Continued on Page 74)

ADWATCH

Recall of Burger King ads still seen dropping

By JULIE FRANZ

Advertising for Burger King's Chicken Tenders and its breakfast menu have done nothing to bolster the fast-food chain's advertising awareness, which has been slumping in the wake of its much-heralded, often-criticized "Find Herb" campaign.

In the April adWatch survey, BK's share of first mentions in the fast-food category dropped 2.4 percentage points, returning BK close to the share of first mentions it had before breaking the "Herb" cam-

paign in late November.

While only changes of 2.8 percentage points or more are considered statistically significant, the larger picture is significant. BK's adWatch scores from November through April (Herb through Chicken Tenders) form a bell curve that would make any college statistics professor proud.

BK's share of advertising first mentions was 10.1% in November before the Herb campaign began, rose to a high of 23% in February and dropped to 12.9% in April, the month after the campaign was completed. The burger-maker's average score for the six-month period was 15.7%.

McDonald's share of top-of-mind awareness among fast-food advertisers remained relatively stable from November through April, averaging 44% of first mentions during that period. That feat can be attributed in part to sheer weight, with McDonald's spending an average \$5 million per week on tv advertising at the height of its McD.L.T. introduction.

Rounding out the fast-food category are Wendy's at No. 3 with 7.1% of first mentions; Hardee's with 2.6%, and Pizza Hut with 1.3%. Just over 16% of those asked to name the first fast-food advertising to come to mind answered "none" or "don't know."

AdWatch is a joint project of Advertising Age and SRI Research

Center, Lincoln, Neb. Ad awareness is measured by asking a nationally projectable sample of consumers to name ads in a variety of categories that first come to mind from all seen, heard or read in the previous 30 days.

In April, 1,000 adults were questioned by telephone. Under adWatch methodology, an increase or decrease of 2.8 percentage points is considered statistically significant and attributable to more than sample variation.

Two normally volatile categories, beer and soft drinks, have been quiet lately.

Beer sales have been stagnant, new-product introductions have dropped off and no new national advertising campaigns have broken in the category. Top-of-mind awareness for major beer brands' advertising has held steady.

That may not last much longer, since brewers have been busy juggling their agency lineups. Recent account shifts for Anheuser-Busch's Michelob and G. Heileman Brewing's Old Style may signal significant movement in top-of-mind beer advertising awareness later this year as new campaigns for those and competing brands begin to appear.

Advertising for A-B's Budweiser remains No. 1 in first mentions among beer markers, with 13.2%. Behind the leader are Coors with (Continued on Page 80)

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Needham works night shift for Michelob

By SCOTT HUME
and JULIE FRANZ

Needham Harper Worldwide, Chicago, last week broke a new campaign for Anheuser-Busch's superpremium Michelob brand only days after winning a seven-month battle for the \$40 million account.

The new Michelob theme—"The night belongs to Michelob"—bears more than a passing resemblance to the tag line of a new tv spot that also started last week for Miller Brewing Co.'s competing Lowenbrau brand.

Both superpremiums are in need of a sales rebound, and Needham is likely to have a tough job reviving Michelob. Michelob sales last year

Agency has all A-B superpremiums

totalled 6 million bbls., down more than 20% from the brand's peak in 1981, said Manny Goldman, an analyst at Montgomery Securities, San Francisco.

Needham now handles all three of A-B's superpremium beers—Michelob, Michelob Classic Dark and Michelob Light.

The new effort for Michelob began May 23 with a 60-second commercial that aired during NBC's "Friday Night Videos"; a 30-second version aired during NBC's "Saturday Night Live" May 24.

The 60-second spot is set to rocker Phil Collins' "In the Air Tonight," a tune made popular by its use on NBC's "Miami Vice." A-B last year signed Mr. Collins for use on Michelob (AA, May 27, '85).

St. Louis-based A-B was looking for a Michelob theme with longevity that would spark a variety of executions, said Joel Hochberg, Needham exec vp-director of creative services.

Mid-June will bring "an explosion" of media, including additional tv spots as well as radio, print and outdoor, said Don Richards, senior vp-management representative at Needham.

The campaign positions Michelob as a beer that drinkers should

"trade up to" on weekends and special occasions, he explained.

Needham's first creative for Michelob is "designed to reinforce Michelob's quality heritage and positioning as America's leading superpremium beer," said A-B exec vp Michael Roarty.

Miller Brewing's new Lowenbrau commercial, from J. Walter Thompson USA, Chicago, also adopts a nighttime theme. The tag, an extension of its "This world calls for Lowenbrau" theme, is "This night calls for Lowenbrau."

Lowenbrau's "night" spot uses the concept of night without changing the campaign's international "world" theme. It is aimed at the drinking-age-to-25-year-old beer drinker with its variation on the music-video format.

The commercial shows young people in the U.S., Munich, London and Tokyo out at night.

Neither Needham nor JWT is worried that the similar themes will cause confusion. While Needham's Michelob campaign is based entirely on the night theme, JWT has just produced one "night" spot and has not changed the theme of the entire campaign, said Rita Winters, JWT

creative director-copywriter on Lowenbrau.

A total campaign themed "The night belongs to Lowenbrau," set to rock music, was canned in favor of the current international campaign, Ms. Winters said.

In moving Michelob—a brand with a lucrative "inheritance" but dim sales prospects—to Needham, A-B united responsibility for all Michelob entries at one agency.

Two years ago, Michelob and Michelob Classic Dark were sent off to Ted Bates Advertising/New York, and the \$25 million Michelob Light account arrived at Needham (AA, July 16, '84). All three previously had been at D'Arcy Masius Benton & Bowles, St. Louis.

The Michelob shift completed the reunion begun earlier this year when the \$5 million Classic Dark account was moved from Bates to Needham (AA, Feb. 6).

Needham already handled the \$30 million Bud Light account and the \$25 million Busch account. With total A-B assignments now amounting to nearly \$150 million, the brewer is the largest client of the newly merged agency of DDB Needham, one of three agency units under the BBDO-Doyle Dane Bernbach-Needham holding company (AA, April 28, at seq.).

BBDO has resigned \$100 million in business from Stroh Brewery Co., Detroit. Stroh has invited five New York agencies to pitch for its \$20 million Old Milwaukee account and \$40 million in Stroh media buying. The five are N W Ayer, Grey Advertising, Jordan, Case, Taylor & McGrath; Lowe, Marchalk, and McCann-Erickson.

Marchalk already handles Stroh's and Stroh Light brands.

A Stroh exec said media buying may be taken in-house.

A-B "exercised its market power to force BBDO to resign the Old Milwaukee account," Stroh president Roger Fridholm said last week. "We had been pleased with BBDO's work and were distressed to be deprived by a competitor of a key resource."

With all three Michelob brands again at one shop, A-B is expected to involve the regular and light brands in more joint promotion and advertising.

A-B tested that strategy last (Continued on Page 93)

CORRECTIONS & CLARIFICATIONS

• In the chart that compared the revenues and growth rate of the top 44 U.S. research companies with those of the top U.S. ad agencies (AA, May 19, Page S-4), the figures for the top research companies were inadvertently left out. The 1985 worldwide revenues of the top 44 research companies were \$1,652,500,000, compared with 1985 ad agency revenues of \$6,510,800,000. The 1985 U.S. revenues of the research companies of \$1,282,700,000 compared with 1985 revenues of U.S. ad agencies of \$4,378,400,400. The worldwide growth rate of the ad agencies from 1984 to '85 was 10.9%, compared with an 11.5% growth rate of research companies; the U.S. growth rate of the ad agencies was 8.7%, compared with a 13% growth rate of research companies.

• Avrett, Free & Ginsberg, New York, is the agency for Carter-Wallace's new Nair Mousse Hair Remover, not Ted Bates Advertising (AA, May 19, P. 8).

• In an article on Yellow Pages growth (AA, May 19, P. 74), Andrew McKelvey's company was incorrectly identified. The correct name is Telephone Marketing Programs.

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Australia

1985 AD SPEND: \$3.1 billion
NUMBER OF AD AGENCIES: 137
NUMBER OF NEWSPAPERS: 582
MAJOR MARKETERS: Unilever, Coles/Myer, Woolworth's
POPULATION: (millions) 15.7
Breakdown by age:
 0-14: 3.8
 15-24: 2.668
 25-44: 4.687
 45-64: 3.030
 65 and over: 1.530
REAL GDP GROWTH (per cent per annum) 1986*: 2.5 1987*: 2.0
INFLATION RATE (per cent) 1986*: 8.0 1987*: 7.5
UNEMPLOYMENT RATE (per cent) 1986*: 8.5 1987*: 8.8
TELEVISION SETS (millions) 5.9

POLITICAL OUTLOOK/RISK

Elections here are due by the end of 1987. Australia's economic performance will be the focus of that election. The Hawke government currently could find re-election difficult, though opposition is in disarray.

ECONOMIC FORECAST

Economy headed for showdown over next two years. An expected weak currency and a volatile interest rate won't help.

ATTITUDE TOWARD FREE MARKET

The Labour administration of Prime Minister Robert Hawke is widely perceived as pro-business. All major political parties support the free market.

ATTITUDE TOWARD FOREIGN INVESTMENT

Official attitude very favorable. But in advertising, there is a strong nationalist movement that still supports restrictions on commercials filmed outside Australia.

Brazil

1985 AD SPEND: \$2 billion (est.)
NUMBER OF AD AGENCIES: 1,400
NUMBER OF NEWSPAPERS: 1,555
MAJOR MARKETERS: BAT Industries, Ford do Brasil, Gessy-Lever
POPULATION: (millions) 135.8
Breakdown by age:
 0-14: 49.386
 15-24: 27.566
 25-44: 35.800
 45-64: 17.186
 65 and over: 5.828
REAL GDP GROWTH (per cent per annum) 1986*: 5.0 1987*: 5.5
INFLATION RATE (per cent) 1986*: 47.0 1987*: 26.0
UNEMPLOYMENT RATE (per cent) 1986*: 6.7 1987*: 6.1
TELEVISION SETS (millions) 23.0

POLITICAL OUTLOOK/RISK

Appears set for a period of democratic stability over the medium term. Major elections in November and the drafting of a new constitution mean constant political activity but pose no serious risk to business or the economy.

ECONOMIC FORECAST

The anti-inflation package just decreed seems likely to prepare Brazil for sustained growth to the end of the decade. Rising wages will keep the domestic consumer market growing steadily, while the outlook for exports also is bright.

ATTITUDE TOWARD FREE MARKET

Recent reform has left virtually all retail prices frozen indefinitely. Over-all, the free market thrives alongside an enormous public sector.

ATTITUDE TOWARD FOREIGN INVESTMENT

Criticism of multinationals and reserved markets in several sectors are features of the new republic, but foreign investment, in general, is actively encouraged. The government still favors locally-owned ad agencies with accounts, however.

Canada

1985 AD SPEND: \$4.4 billion
NUMBER OF AD AGENCIES: 426
NUMBER OF NEWSPAPERS: 1,104
MAJOR MARKETERS: Canadian government, Procter & Gamble, John Labatt
POPULATION: (millions) 25.6
Breakdown by age:
 0-14: 5.756
 15-24: 4.353
 25-44: 8.230
 45-64: 4.798
 65 and over: 2.468
REAL GDP GROWTH (per cent per annum) 1986*: 3.0 1987*: 1.5
INFLATION RATE (per cent) 1986*: 4.0 1987*: 3.5
UNEMPLOYMENT RATE (per cent) 1986*: 10.0 1987*: 11.0
TELEVISION SETS (millions) 14.0

POLITICAL OUTLOOK/RISK

Current Progressive Conservative government holds power through 1988. Growing voter dissatisfaction with government's performance could lead to resurgence of anti-U.S. sentiment.

ECONOMIC FORECAST

*Estimate

Canada

cont'd.

Real growth in GDP may outpace the U.S. this year, but western provinces will suffer from the fall in oil prices, with a downturn likely in 1988.

ATTITUDE TOWARD FREE MARKET

High levels of concentration in a small market make Canadian companies slower to respond to consumer preferences. This is changing as the market is exposed to greater international competition.

ATTITUDE TOWARD FOREIGN INVESTMENT

Positive, but wary of the influence exerted by U.S. media and entertainment conglomerates over Canadian culture. Strong nationalist sentiment may be growing stronger. In publishing, there are numerous restrictions on foreign ownership.

France

1985 AD SPEND: \$6 billion
NUMBER OF AD AGENCIES: 2,500
NUMBER OF NEWSPAPERS: 14,514
MAJOR MARKETERS: IBM, Renault, Carrefour
POPULATION: (millions) 54.6



Breakdown by age:

0-14: 11.419
 15-24: 8.483
 25-44: 15.712
 45-64: 12.231
 65 and over: 6.762
REAL GDP GROWTH (per cent per annum) 1986*: 2.5 1987*: 2.7
INFLATION RATE (per cent) 1986*: 2.5 1987*: 3.5
UNEMPLOYMENT RATE (per cent) 1986*: 11.0 1987*: 10.5
TELEVISION SETS (millions) 17.3

POLITICAL OUTLOOK/RISK

Socialists defeated in March elections. Center-right coalition government of Francois Mitterrand and Jacques Chirac is potentially unstable. Mr. Mitterrand's term ends in 1996, but he may step down earlier.

ECONOMIC FORECAST

Recent devaluation of the franc may see some improved GDP growth. Small rises in investment and consumption, coupled with lower inflation rates, may contribute to modest recovery.

ATTITUDE TOWARD FREE MARKET

Increasingly receptive. Some central control has been lifted, some layoffs are permitted and some wages have been deindexed. Commercial tv and radio are expanding under some pressure from pan-European commercial stations. Pent-up demand for ad time is enormous.

ATTITUDE TOWARD FOREIGN INVESTMENT

Foreign investment is actively promoted and welcomed, though closely scrutinized. Access to credit has been eased and some exchange control lifted.

Japan

1985 AD SPEND: \$11.2 billion
NUMBER OF AD AGENCIES: 2,900
NUMBER OF NEWSPAPERS: 125
MAJOR MARKETERS: Kao, Toyota Motor, Matsushita
POPULATION: (millions) 120.6
Breakdown by age:
 0-14: 25.852
 15-24: 17.113
 25-44: 36.708
 45-64: 28.529

GLOBAL MARKETING

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Japan

65 and over: 11.869

REAL GDP GROWTH (per cent per annum) 1986*: 2.5-3.5 1987*: 3-4

INFLATION RATE (per cent) 1986*: 2.0-3.0 1987*: 2.5-3.5

UNEMPLOYMENT RATE (per cent) 1986*: 2.6-3.0 1987*: 2.6-3.2

TELEVISION SETS (millions) 30.2

POLITICAL OUTLOOK/RISK

Liberal Democratic party will stay dominant, insuring a pro-business climate. Next LDP prime minister might be less forceful than predecessors in opening up domestic markets, although that scenario is still unclear.

ECONOMIC FORECAST

Japan's economy may cool in 1987. A strong yen and stagnant demand will slow exports. Domestic demand is unlikely to take up the slack in the short term. However, Prime Minister Yasuhiro Nakasone is preparing proposals designed to increase internal consumption of goods dramatically as well as increase government spending on the country's infrastructure.

ATTITUDE TOWARD FREE MARKET

Generally favorable, but favors strong central government influence in economy and close government-business links. Some government monopolies being sold to private investors.

ATTITUDE TOWARD FOREIGN INVESTMENT

Free in principle, but the government is frequently inclined to assist local companies. As more local companies seek ventures with foreign ones, it has become increasingly difficult for Japanese authorities to exercise control. U.S. cigaret marketers are the first to benefit from moves to open up previously closed Japanese markets, and others may follow. Government also is under severe pressure to reduce the growing trade surplus.

Korea

1986 AD SPEND: \$601 million

NUMBER OF AD AGENCIES: 16 (shops with over 12 employees)

NUMBER OF NEWSPAPERS: 14 (dailies)

MAJOR MARKETERS: Samsung Electronics, Goldstar, Pacific Chemical

POPULATION: (millions) 30.9

Breakdown by age:

0-14: 19.765

15-24: 13.058

25-44: 16.944

45-64: 8.808

65 and over: 2.578

REAL GDP GROWTH (per cent per annum) 1986*: 5.5 1987*: 6.5

INFLATION RATE (per cent) 1986*: 4.0-5.0 1987*: 3.5-4.5

UNEMPLOYMENT RATE (per cent) 1986*: 3.6-3.8 1987*: 3.7-3.9

TELEVISION SETS (millions) 7.7

POLITICAL OUTLOOK/RISK

Labor unrest is a problem, along with rejuvenated opposition to President Chun Doo Hwan's government. That government will continue in power, however, and no repeat of the Philippines experience is seen.

ECONOMIC FORECAST

Fall in oil prices, interest rates and value of the U.S. dollar could push up growth this year. Automobiles, electronics and machinery prospects promising. Easing restrictions on foreign investment could help as well.

ATTITUDE TOWARD FREE MARKET

Free market generally accepted by major political parties, but the role of the president in economic matters remains strong.

ATTITUDE TOWARD FOREIGN INVESTMENT

Increasingly favorable, partly due to need for foreign capital and technology. But foreign ownership of advertising agencies remains severely restricted, and the subject of broad debate.

United Kingdom

1986 AD SPEND: \$6.6 billion

NUMBER OF AD AGENCIES: 1,000

NUMBER OF NEWSPAPERS: 2,000

MAJOR MARKETERS: Procter & Gamble, Mars, Kellogg

POPULATION: (millions) 55.6

Breakdown by age:

0-14: 10.745

15-24: 9.144

25-44: 15.249

45-64: 12.321

65 and over: 8.182

REAL GDP GROWTH (per cent per annum) 1986*: 3.0 1987*: 3.0

INFLATION RATE (per cent) 1986*: 3.8 1987*: 4.3

UNEMPLOYMENT RATE (per cent) 1986*: 13.0 1987*: 13.0

TELEVISION SETS (millions) 18.9

POLITICAL OUTLOOK/RISK

The Conservative government is pursuing mildly expansionary policies during the pre-election year.

ECONOMIC FORECAST

Modest growth in investment (3.0%), consumption (3.0%) and industrial production (3.2%). Unemployment and inflation to ease, as will credit.

ATTITUDE TOWARD FREE MARKET

Conservative government of Margaret Thatcher actively encourages the free market. State-owned enterprises have been turned over to the private sector and state monopolies forced to compete.

ATTITUDE TOWARD FOREIGN INVESTMENT

Foreign investment is actively encouraged to stimulate the economy. There are virtually no controls on foreign exchange.

Italy

1986 AD SPEND: \$2.5 billion

NUMBER OF AD AGENCIES: 150

NUMBER OF NEWSPAPERS: 63

MAJOR MARKETERS: Fiat, Alfa Romeo, Parmalat

POPULATION: (millions) 56.9

Breakdown by age:

0-14: 11.311

15-24: 8.905

25-44: 15.312

45-64: 13.742

65 and over: 7.603

REAL GDP GROWTH (per cent per annum) 1986*: 3.0 1987*: 2.7

INFLATION RATE (per cent) 1986*: 6.5 1987*: 6.0

UNEMPLOYMENT RATE (per cent) 1986*: 10.0 1987*: 10.0

TELEVISION SETS (millions) 13.8

POLITICAL OUTLOOK/RISK

Socialist Prime Minister Bettino Craxi's leadership under threat.

ECONOMIC FORECAST

Modest recovery highlighted by falling oil prices. Consumer prices will fall slightly.

ATTITUDE TOWARD FREE MARKET

Generally favorable and officially supported and encouraged.

ATTITUDE TOWARD FOREIGN INVESTMENT

Very favorable. Generous investment incentives open to foreign companies in Sicily.



Germany

1986 AD SPEND: \$6 billion

NUMBER OF AD AGENCIES: 320

NUMBER OF NEWSPAPERS: 382

MAJOR MARKETERS: Volkswagen, Procter & Gamble, Henkel

POPULATION: (millions) 61.1

Breakdown by age:

0-14: 9.59

15-24: 10.029

25-44: 17.268

45-64: 15.653

65 and over: 8.567

REAL GDP GROWTH (per cent per annum) 1986*: 3.5 1987*: 3.0

INFLATION RATE (per cent) 1986*: 0.5 1987*: 1.5

UNEMPLOYMENT RATE (per cent) 1986*: 8.0 1987*: 7.5

TELEVISION SETS (millions) 22.1

POLITICAL OUTLOOK/RISK

Stable, but the center-right coalition of Chancellor Helmut Kohl is under some pressure from competing political parties. This opposition is focusing on employment and labor issues.

ECONOMIC FORECAST

Strong recovery over the medium term. Low interest rates, oil prices, production costs and little inflation fuel recovery. Trade surplus is at record levels.

ATTITUDE TOWARD FREE MARKET

All major political parties support the free market. There is widespread support for antitrust, antimonopoly legislation. Government support for social welfare, but minimal state intervention in economy.

ATTITUDE TOWARD FOREIGN INVESTMENT

Very favorable. There are no controls on foreign investment or on foreign exchange.

*Estimate

Source: Business International (a consulting firm for multinational corporate clients covering political, economic, social and regulatory change that affects corporate strategies); Ad Age estimates. Also, GDP stands for Gross Domestic Product—the equivalent of the U.S. Gross National Product.

New Hampshire toasts out-of-state liquor sales

By Lee Horwich

One state stands out in New England liquor consumption statistics. New Hampshire residents consume almost twice as much liquor as their neighbors, according to the Distilled Spirits Institute, Washington. But Bob Herlihy knows statistics don't always tell the whole story.

As director of marketing merchandise and stores for the New Hampshire State Liquor Commission, Concord, Mr. Herlihy realizes New Hampshire's high ranking reflects the success he has in selling the state's alcohol to the rest of New England. Although aggressive pricing on major brands and an increased ad budget have been key to the state's success, one factor remains pivotal: New Hampshire has no sales tax.

"We figure between 55% and 58% of all sales are to out-of-state customers," Mr. Herlihy says. Massachusetts alone accounts for one-third of New Hampshire's sales, he adds.

Since prohibition ended in 1933, New Hampshire has owned and operated all liquor stores in the state. While beer and wine can be sold in grocery stores, hard liquor can be sold only by the state.

Three governor-appointed liquor commissioners control the state's 72 stores. Vermont and Maine also have state-run liquor operations, but New Hampshire has better prices.

For example, a 1.75-liter bottle of Smirnoff brand vodka costs New Hampshire customers \$2.25 less than in Vermont and \$3 less than in Maine, according to a study by the National Alcohol Beverage Control Assn., Washington.

New Hampshire stores have about an 8% to 10% price advantage over privately run stores in Massachusetts, Mr. Herlihy says.

Neither Vermont nor Maine does any advertising for their stores; all liquor ads that appear in those two states are placed by the distillers.

State law prevents the Montpelier-based Vermont State Liquor Board from advertising, says Sandra Campbell, merchandising director of the board. "The law says we should not promote intemperance."

In Maine, the legislature doesn't appropriate any money for advertising, says Guy Marcotte, director of the state bureau of alcoholic beverages. "New Hampshire has a different philosophy than we do. They are high volume, low margin," he says. "We are just the opposite."

In fiscal 1986, Maine's total liquor sales were \$68.5 million, Mr. Marcotte says. And in the

same period, Vermont stores had total sales of \$37.6 million, Ms. Campbell says.

Total liquor sales for New Hampshire were \$154 million in 1985, a slight decrease from the previous year, Mr. Herlihy says.

Even with economic factors in its favor, New Hampshire still maintains an aggressive marketing stance. Until 1983, liquor advertising was handled by the state. But at that time, the account went to Holmes-Lewis,

Manchester, N.H., a local agency.

The agency avoids typical liquor store advertising, which generally crams the maximum number of prices into the minimum amount of space, says Chris Herbert, account exec for Holmes-Lewis.

"Our ads are cleaner than that," he says. Many of the ads are linked to holidays, typically the busiest time for liquor

(Continued on Page S-16)

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Lee Horwich is a reporter for the Concord Monitor, Concord, N.H.



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New Hampshire toasts

(Continued from Page S-15)

stores, Mr. Herbert says. Heaviest sales volumes occur during the Christmas season, Memorial Day and Labor Day.

A recent St. Patrick's Day promotion was only marginally successful, Mr. Herbert says. An ad promoting several Irish-themed products yielded mediocre results, he says.

In 1985, liquor sales leveled off and the New Hampshire government decided to pay more attention, financially, to marketing and advertising. Subsequently, in fiscal 1986, which ends June 30, the state allocated a \$255,000 ad budget, more than double the previous year's budget, Mr. Herlihy says. And that figure will increase more than 50% in fiscal 1987, he says.

However, according to state law, 80% of all money must be spent on out-of-state advertising, Mr. Herlihy says. Of that 80%, more than half will be spent on targeting the Boston market.

The New Hampshire State Liquor Commission also is broadening its marketing efforts to reach potential customers in western Massachusetts, Connecticut and Rhode Island, he says.

Equal money is spent on radio and newspapers. Other types of promotions for specific brands are nixed because political realities intrude.

"I am limited in certain things because the state owns the stores," Mr. Herbert says. "I would do more giveaways and co-op advertising," he says, "but the politics of giving business to one certain distributor over another would be too risky."

Instead, advertising is directed at tourists who come to New Hampshire for anything from skiing to fall foliage watching. A clear advantage is the location of many of the state's outlets, Mr. Herbert says.

Of New Hampshire's 72 stores, 25 are located along the interstate highways, with their own entrances and exits, making it convenient for tourists to stop

on their way home.

Geography also is a plus for New Hampshire liquor sales. To get to Maine from Massachusetts, people pass through New Hampshire. The Portsmouth Liquor Store, which is along the route to Maine, accounts for \$15 million in annual sales, or about

Liquor consumption in New England

Gallons of distilled spirits consumed per person

New Hampshire	4.59
Connecticut	2.46
Massachusetts	2.42
Vermont	2.31
Rhode Island	2.13
Maine	1.99
United States	1.84

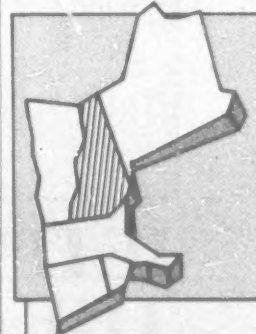
Source: Most recent figures available (1984) from the Distilled Spirits Institute, Washington D.C.

8.5% of the state's business, Mr. Herlihy says.

These built-in advantages assist the New Hampshire State Liquor Commission in its effort to garner the lion's share of the region's liquor business. And Mr. Herlihy has no intentions of leveling off the state's efforts to attract new customers.

"We are going to concentrate on the female market," he says, although no plans have been made. "In surveys we've done, we found they have greater control of discretionary spending. Also, women don't browse that much, they are more efficient shoppers."

So far as long as Mr. Herlihy is in charge of promoting the state liquor business, New Hampshire will continue to try to be the bartender for New England's bargain hunters.



New Hampshire

- The 1980 population total came to 920,610. Of that number, 4,324 are black, 5,248 are Hispanic.
- The top ethnic groups are French-Canadian (112,096), Irish (52,823) and German (20,150).
- The largest cities are Manchester, Nashua, Concord, Portsmouth, and Salem.

• The Portsmouth-Dover-Rochester, New Hampshire-Maine area, is rated third of the top 12 spots in the U.S. for dining out.

• With no income and sales tax in New Hampshire, residents carry the lowest yearly state tax burden of the 50 states—\$77 per capita. Massachusetts residents pay \$565 a year.

• The Connecticut River, which provides a natural border between Vermont and New Hampshire, is owned by New Hampshire—and it is responsible for its upkeep and cost.

Sources: 1980 Census Bureau, "Places Rated Almanac."

adWatch

(Continued from Page 4)

11.4%, Miller High Life with 9.1%, Miller Lite with 6.6% and Bud Light with 6.2%.

Despite multi-million-dollar ad spending and new campaigns in the soft-drink category, that segment, too, has seen little change in the past three months.

Pepsi had been losing ad awareness share to Coke during the last half of 1985.

But new ads featuring actors Michael J. Fox and Don Johnson and singer Glenn Frey boosted Pepsi's score 9.4 percentage points to 32.9% in February, allowing it to surpass Coke as the soft-drink category leader in advertising first mentions.

Last month, Pepsi's share dipped 2.6 percentage points to 30.8% of first mentions, not enough to be statistically significant, but just enough to edge it out as the advertising recall leader in the soft-drink category.

Coke gained 2.1 percentage points of ad recall in April to 33.8%, again not enough to be significant, but enough for the brand to regain the lead in soft-drink advertising first mentions.

No. 3 in ad recall in the soft drink category in April was 7-Up with 3.9%. Diet Coke followed with 2.9% and Diet Pepsi was fifth with 2.0%.

The 10 best-recalled (unaided) ads in April were for, in descending order, Coca-Cola, McDonald's, Pepsi, Miller/Miller Lite, Budweiser/Bud Light, Burger King, Ford, Pampers, Tide and Chevrolet.

More than 56% of those queried answered "none" or "don't know" when asked to name the first ad they recalled having seen, heard or read in the previous 30 days.

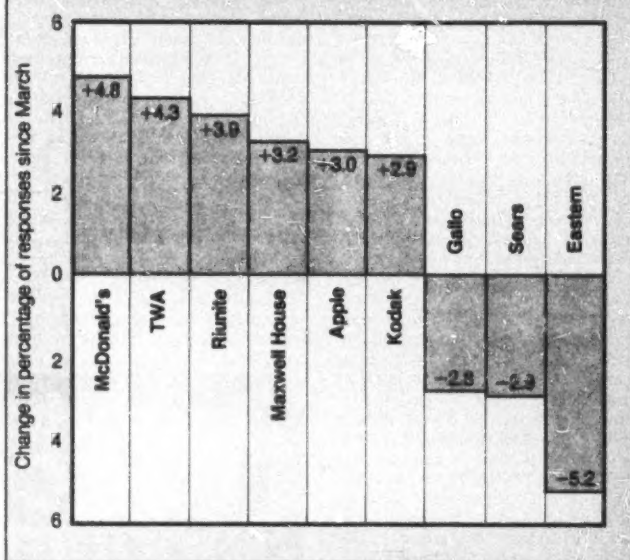
In other news from the April adWatch survey:

● Johnson & Johnson's tamper-resistant replacement for Tylenol capsules—Tylenol caplets—made their first showing in last month's adWatch survey. Consumers named Tylenol caplets first 2.8% of the time.

Over-all, brand name Tylenol remained the leader in top-of-

April winners and losers

Question: Of all the advertising for (product category) you have seen, heard or read in the past 30 days, which ad first comes to mind? Note: A change of plus or minus 2.8 percentage points is statistically significant. Source: SRI Research Center Inc., Lincoln, Neb.



mind awareness among **medicine & drugs** with 37% of first mentions, up slightly over March. Bayer garnered 5.5% of first mentions; Advil, 5.4%; Anacin, 3.4% and Contac, 1.7%.

● Kodak gained 2.9 percentage points in the **camera** category in April, nabbing 22.6% of advertising first mentions on the strength of its VR-35 campaign, which broke March 24. Rival Polaroid on April 2 broke 100 days of heavy multimedia promotion for its new Spectra instant photography system, but that effort brought 8% of first mentions, an addition of only 1.9 percentage points from March, not enough to be considered statistically significant.

In the No. 2 slot was Canon, with 12.5% of first mentions.

● In February, adWatch added a **credit card** category to its survey of advertising top-of-mind awareness. After three months on the

survey, advertising for VISA leads the category in first mentions with 30.4%, MasterCard has 20%; American Express, 13.6%; Sear's Discover Card, 2.7%, and Americard, 1.6%.

● In the **wine** category, Riunite gained 3.9 percentage points to boost its score to 14.5% of first mentions, its highest share of first mentions. Gallo, on the other hand, lost 2.8 percentage points to drop its score to 7.5% of first mentions, its lowest score since last December. Advertising for Gallo's Bartles & Jaymes wine coolers remains in third place with 4.2% of first mentions. California Cooler popped into the top five for the first time since September with 1.8% of first mentions.

For more information or data, contact Gary Gabelhouse, SRI Research Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

P&G shows teens with Crush

Shoots is a weekly report on recently produced commercials, listing the products, agencies and production houses.

Orange Crush from Procter & Gamble's Crush International, Cincinnati, will star in two new tv :30s in which teen agers urge one another to "peel me a Crush." For a sequence calling for a geyser of Orange Crush to spray from cans, director Andy Jenkins used a photostatic camera that shoots 2,500 frames a second. For another sequence in which a can bursts through a bucket of ice into a startled young man's hand, Mr. Jenkins used a special "bazooka-like rig with spring action." Creative team at Cunningham & Walsh, New York: Paul Schwartz, creative director; Jerry Rice, producer; Chip Lopez and Greg Flanagan, art directors, and Rob Goolrick and John Hahn, copywriters. Production credits at Jenkins Covington Newman, besides Mr. Jenkins: Stephen Cowell, executive producer, and Frank Nugent, producer.

Maybelline's Blooming Colors line of eye shadows and pencils is featured in a new :15 entitled "Pop-on Colors." It uses flashy sets, neon lighting and brightly hued clothes that complement the eye makeup colors. Creative team at

Ted Bates Advertising/New York: David Sillon, creative director; Mary McInerney, producer; David Piattowski, art director, and Sharon Glazer, copywriter. Pro-

SHOOTS

duction credits at Vorkapich/Lipson: Ed Vorkapich, director/cameraman. Also new from Mr. Vorkapich: A Woolite :30 from American Home Products' Boyle-Midway division. Set in a boutique full of sweaters and dresses bearing the "Trust Woolite" tag, the spot features playful dialog between a young woman trying on a sweater and her boyfriend. Creative credits at Cunningham & Walsh: Helene Balzarini, producer; Paul Schwartz, art director, and Steve Feinberg, copywriter.

CranFruit Sauce, a new product from Ocean Spray Cranberries, Plymouth, Mass., and Brownberry Milk and Honey bread, new from Arnold Foods Co., Greenwich, Conn., are featured in new test :30s produced by Southwest Productions at Duke City Studios, both Albuquerque. Agency and production credits were not given.

Elizabeth Arden Mousse Makeup stars in new tv and radio :30s. The "dreamlike" tv :30, entitled "Turns," shows a sophisticated

woman appearing to float to the couch in her luxurious living room. Creative credits at Arden Advertising, New York, its house agency: Paulette DuFault, creative vp; Henry Lewis, art director; Robin Watt, copywriter, and Sue Foster, producer. Production credits: James Moore, director, James Moore Productions, and Suzanne Ciani, music composer, Ciani/Musica.

Peugeot Turbo 505 from Peugeot Motors of America, Lyndhurst, N.J., is put through some performance tests on a racetrack and highways to emphasize its engineering. Credits: Gary Baron, art director; Skip Allocco, producer/director, and Phil Kann, copywriter, all of Ogilvy & Mather, New York, with Madeline Wilson, editor, Jay Gold Films.

Public Broadcasting Service, Washington, has chosen Spotwise, Boston, to produce its 1986 promotional campaign. Marilyn McCoo and Billy Davis, once part of the Fifth Dimension, a 1960s rock group, will sing the "TV Worth Watching" jingle theme, composed and arranged by Soundshop Productions.

Shoots is compiled by New York-based senior editor James P. Forlan.

Street Talk

The American Assn. of Advertising Agencies wants donations of prime time tv and drive time radio for its campaign against drug use. Will you make such time available and do you expect conflicts with other demands for public service time?

George Schweitzer, vp-communications, CBS Broadcast Group, New York: Last year, CBS donated \$200 million worth of free time for hundreds of public service announcements. Many were related to drug and alcohol use, so we support the Four A's effort. Of course we can't use this campaign exclusively but we'll devote an appropriate amount of time for it. The only problem is they have a :30 spot and we only use :10s in prime time. We said, "Make some :10s and we'll use them," and we'll use the :30 in other dayparts.



G. SCHWEITZER



A. MAKUPSON

Amyre Makupson, public affairs manager, WKBD-TV, Southfield, Mich.: WKBD runs a minimum of 120 psas a week, and we're currently highly committed to anti-substance-abuse messages, including anti-alcohol. We get tons of requests for psa time, and we screen those to determine which are the most beneficial and which ones our general viewership will respond to. We give some prime time on a limited basis. If we can accommodate (the Four A's) we will, but nothing gets on without getting screened first.

James Duffy, vp, Capital Cities/ABC, New York, and president-communications in the network & broadcast division: Capital Cities/ABC will do all it can to cooperate with the Four A's. At the same time, you are well aware that we have made a major commitment to mount a major campaign with the Public Broadcasting Service to combat adult illiteracy. ... As we meet our needs for (Project Literacy U.S.), we will determine how best to accommodate requests such as the one the Four A's is making.



J. DUFFY



R. TIMOTHY

Raymond Timothy, group exec vp, NBC-TV, New York: Drug abuse is a nationwide problem that needs addressing. NBC has met with a Four A's representative several times regarding their anti-drug campaign. We applaud their effort and look forward to working with them. We're now in discussion with the Four A's to see how we can work together to ensure the success of the campaign.

Wayne Vriesman, vp-general manager, WGN (am), Chicago: We could not add two minutes to our current prime time schedule. We all have our levels (of public service time), and in no way does that diminish our attempt to take on the problem. But we have to fit it in with demand for time from other well meaning organizations with campaigns in other areas of public concern. (As an all-talk station), we can talk to someone on a given subject and do more than a minute-structured spot can do. That's often more effective.



W. VRIESMAN

ADVERTISING AGE asks those who serve agencies and advertisers to share views on major advertising-related issues. If you want to be part of this weekly feature, you don't have to wait for the phone to ring. Send in your pithy comments—and a recent photo—to: Street Talk, ADVERTISING AGE, 220 E. 42nd St., New York 10017.

Monday, June 2, 1986

Advertising Age

Crain's International Newspaper of Marketing. In Two Sections, Section 1.

P&G, Colgate strike back S&S/Bates deal triggers loss

By STEWART ALTER
and NANCY GIGES

NEW YORK—The two clients that were central to conflict speculation arising from last month's \$450 million Saatchi & Saatchi buyout of Ted Bates Worldwide apparently have voted against the deal.

Colgate-Palmolive, as expected (AA, May 12), has made its move, shifting \$100 million in billings from the Bates side of the Saatchi network and splitting it between Young & Rubicam and Foote, Cone & Belding.

This departure—due to the superior weight of Saatchi's Procter & Gamble business—came as no surprise. But industry sources have told ADVERTISING AGE that P&G is preparing to take away a portion of its \$173 million in billings at Saatchi.

It is not known whether Saatchi's DFS Dorland Worldwide, another shop that caused P&G to swallow hard when it was put to-

gether, will lose business.

Nonmerged agencies on P&G's roster are expected to benefit, with Leo Burnett Co. to be the biggest gainer. Burnett is scheduled to meet with P&G officials June 2.

A P&G executive told ADVERTISING AGE, "I wouldn't be surprised at some changes."

If the reports prove accurate, it could be the first time both clients entangled in a major account con-

flict moved business out of their agencies. The Colgate and P&G measures could be interpreted as a dramatic escalation of client unhappiness with megamerged agencies, although a P&G official went out of his way to deny that.

Around Cincinnati, the word is that P&G does not want the pending account shifts to look like a "public spanking." According to one P&G executive, "We've got to

work with the agencies." P&G's thinking is said to follow this line: "To humiliate Saatchi would be dangerous and disruptive. They've got to continue to write ads. And taking away a big piece of the business would just make them mad at you. That would be dumb and we don't do dumb things."

Yet, other sources said a "slap on the wrist" is precisely what P&G wants to deliver. They verified reports that Robert Goldstein, vp-advertising, has made no secret of his anger in recent weeks. "Goldstein

(Continued on Page 90)

Last Minute News

Ayer snares \$30M in Citicorp business

NEW YORK—Citicorp has assigned its first national consumer advertising account, estimated at \$30 million, to N W Ayer. The decision follows a seven-month review that also included BBDO, Doyle Dane Bernbach, Lowe Marschall and SSC&B/Lintas. Separately, Citicorp's Citibank subsidiary has dropped incumbent SSC&B/Lintas USA from the review for its \$9 million northeastern consumer advertising account.

Upjohn's \$5M account may be adrift

NEW YORK—Lowe Marschall reportedly has resigned its \$5 million Upjohn account—including Cortaid, Kaopectate and new products—in anticipation of new business. An Upjohn spokesman denied an agency review is under way and said the Kalamazoo, Mich.-based company had not been formally notified of a resignation. Marschall had no comment.

Agencies seek Entre for \$6M in advertising

VIENNA, VA—Entre Computer Centers, the U.S.' second-largest franchiser of computer retail stores, has dismissed DFS Dorland Worldwide.

(Continued on Page 8)

New co-op to buy media

By VERNE GAY

NEW YORK—A newly formed media-buying cooperative does not yet have a name or an office or even an official client roster, but it already may be bad news for ad agencies.

The unique cooperative was announced last week by Ralston Purina Co. ad executive William Claggett and media/marketing consultant Herb Zeltner.

The co-op is expected to open with as much as \$450 million in media billings, and it could be much more (AA, May 26).

Clients will have an ownership position in the co-op. Although no major advertisers have signed on yet, discussions are under way with a "major brewery and a major automotive company," Mr. Zeltner said.

According to sources, executives from Adolph Coors Co., Golden, Colo.; Ford Motor Co., Dearborn, Mich.;

RJR Nabisco, Winston-Salem, N.C., and Ralston Purina, St. Louis, participated in the development stage of the co-op's business plan. But it was not known whether any of those companies would become actual members of the co-op. Mr. Zeltner would not confirm or deny that executives from these companies had been working with his new company.

If those advertisers were to take a position in the co-op and give it all their media buying, the operation would be handling more than \$1.5 billion in billings. The entire independent media-buying-services industry currently handles about \$2 billion in spending.

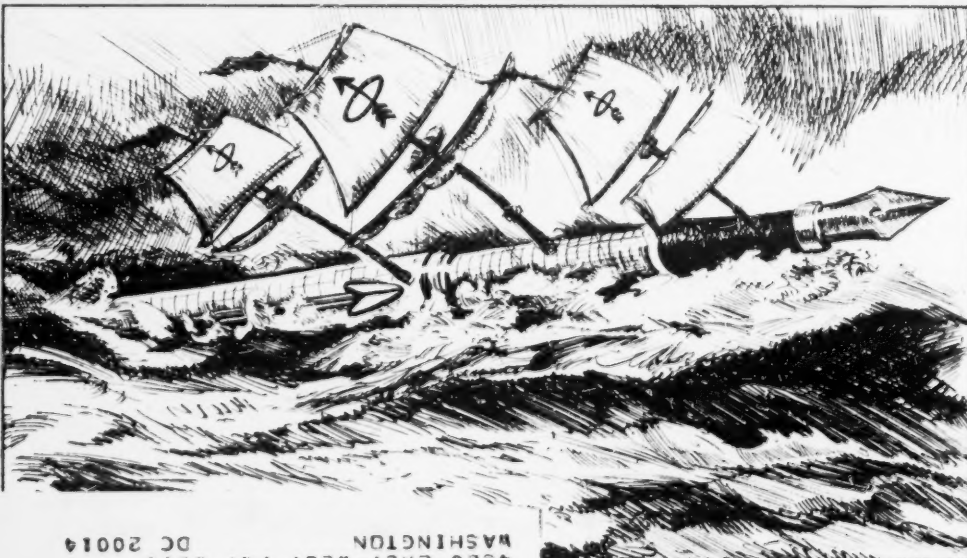
In theory, the co-op's immense buying power would give it an advantageous bargaining position and would reap savings for its client-partners.

Agency reaction to the new media co-op was generally subdued—though uniformly negative—pri-

(Continued on Page 90)

Parker Pen: What went wrong?

Why company global marketing plan foundered



By JOSEPH M. WINSKI and LAUREL WENTZ

JANESVILLE, Wis.—They gathered in the winter of 1984, uprooting families, abandoning secure jobs.

Richard Swart came from 3M in Minneapolis in January. Jack Marks followed in February from Gillette in Boston. Carlos Del Nero arrived two days later from Fisher-Price in New York.

Their leaders already were in place: James Peterson, a veteran from Pillsbury and R.J. Reynolds Industries, and Manville Smith, another 3M alumnus.

Individually they were some of the best and brightest minds of international marketing; collectively they were one of the most formidable teams of global business thinkers ever assembled.

What lured them to this sleepy little town in dairy country was a once-in-a-career opportunity. Janesville-based Parker Pen Co. planned to launch a global-marketing effort of perhaps unprecedented scope.

It was in some respects a quixotic venture. Parker Pen never had spent more than \$20 million a year for advertising, and sales of the company's writing instruments never had topped \$225 million—hardly the resources for mounting a big global assault.

But it was the sheer ambition of the effort, and its potential

(Continued on Page 60)

WASHINGTON
4520 EAST-WEST Hwy #800
SRI ACQUISITIONS
CONGRESSIONAL INFO SERVICE
AA 862299 99 XVA
S-DIGIT 20014
91002 DC 20014

HIGHLIGHTS

New idea in media buying 1

A newly formed media-buying cooperative already may be bad news for ad agencies. The co-op is expected to open with as much as \$450 million in media billings.

Global marketing on the prairie 1

They were one of the most formidable teams of global business thinkers ever assembled. What lured them to this sleepy little town in dairy country was a once-in-a-career opportunity. Janesville-based Parker Pen Co. planned to launch a global-marketing effort of perhaps unprecedented scope. ADVERTISING AGE looks at what happened, and why.

Spectra struggles 3

Polaroid Corp.'s new Spectra may be an instant success in camera stores but the photography system's over-all retail strength is developing slowly. A \$40 million ad campaign backing the camera has been undercut by distribution delays that have forced retailers to ration film and hold off on tie-in promotions.

New horizons for Interpublic 6

Negotiations are under way that, if successful, would add the Interpublic Group of Cos. to the ranks of mega-agencies that are expanding their business beyond advertising.

Tampon market revives 12

The \$409 million tampon market, suffering since 1980 from links to toxic shock syndrome, is now seeing signs of unit growth again. Over-all unit sales were up 5% to 3.7 billion in 1985.

Stroh branches out 24

With entries into the cooler, nonalcoholic malt beverage and juice-added soft-drink categories, Detroit-based Stroh Brewery Co. is committing itself to becoming a broad-based beverage company, growth-oriented but less dependent on increasing its share of the flat domestic beer market.

Bic fires up lighter pitch 37

Bic Corp. is continuing its assault on the lighter market with an \$8 million-to-\$9 million advertising and promotion budget this year. Some 60% of that spending will go to the new Mini-Bic, a small disposable that fits into a cigaret pack.

FEATURES

They reign in Spain 38

Jose Luis Zamorano, Luis Casadevall and Jose Maria Lapena rank among the hottest creatives in Spanish advertising.

A multi-talented pair 40

Englishmen Kevin Godley and Lol Creme are known to the American ad business, if at all, as the rock duo who dented the charts with such ingratiating platters as "An Englishman in New York," "Wedding Bells" and, most recently, "Cry." But how many people are aware that the



Godley



Creme

first and, until now, only commercial directed by this musical double act, Wrangler jeans' "Frozen Images" (1981), became one of the most lauded advertising films in the history of the business, carrying off top prizes at the British Television Awards, the Cannes Festival and the Design and Art Directors Awards?

CORPORATE CLOSEUP

Royal Crown fights back 4

Soft-drink industry pundits have all but written off feisty Royal Crown Cola Co. as a contender in the \$16.4 billion cola wars. They say recent buyout proposals of Seven-Up Co. by PepsiCo and of Dr Pepper Co. by Coca-Cola Co. will create a virtual lock on the market. But RC hopes to increase its share of the total soft-drink market, though executives admit they have no chance of beating Coca-Cola and Pepsi. Rather, an improvement in profits, awareness and distribution for the RC brands are RC's primary goals.

INTERNATIONAL

Yes, Giorgio's expanding 58

Giorgio, the best-selling upscale perfume that sells for \$150 an ounce, is launching an ambitious worldwide expansion and plans to double its current 55 outlets by yearend. This year's plans include entering markets in several European countries and Australia and expanding distribution in Canada.

Maestro at work 59

Conversations with people who have worked on ads with Federico Fellini, the eccentric Italian film director, indicate that working with *Il Maestro* is tense, restive, charming—and expensive. But there is also a bonus—the campaign attracts more attention than it otherwise would.

Opening up China 59

It is the first time that a Western-style, full-service agency—licensed by the Chinese government to operate anywhere in the country—will open up in China. That's what Alexander Brody, president and ceo of DYR Worldwide, is claiming about his newest joint venture—DYR Advertising Company Ltd., which opened its doors June 1 in Beijing.

OTHER NEWS

Colgate-Palmolive is banking heavily on the use of the well known Palmolive name in this summer's rollout of its new liquid automatic-dishwashing detergent. Page 3.

Business Publications Audit of Circulation this year will begin an audiovisual program to educate media planners and space reps on interpreting a business press circulation audit. Page 4.

Consumers want supermarkets to take a bigger role in providing single-stop shopping, a Food Marketing Institute survey indicates. Page 12.

Mergers among the largest agencies have focused attention on the problem of account conflicts. But mergers among agencies of any size are fraught with difficulties that have nothing to do with conflicts. Page 36.

McDonald's Corp.'s annual meeting May 23 combined a 20th anniversary celebration of the company's listing on the New York Stock Exchange with some barbs at its competitors and indications that it does not plan to alter its marketing strategy of emphasizing "the basics." Page 79.

National Journal Inc. is counting on cash infusions from its new owner, Times Mirror Co., to launch new, ad-supported publications to reach its target audience of political movers and shakers. Page 84.

Minneapolis and San Francisco shows dominated the 10th annual One Show Awards. Page 88.

Bacardi Imports is testing a new dark rum that will go up against longtime segment leader Myers's Original Dark Rum. Page 88.

CAMPAIGNS BREAKING

Bally Corp., Chicago, today breaks a 30-second spot promoting Splashwater Falls, a water ride at its Six Flags Great America, Gurnee, Ill., and Six Flags Over Georgia, Atlanta, theme parks. The spot will run in Illinois and Georgia markets with the theme "A ride for those who were born to get wet" (AA, May 19).

SPECIAL REPORT



Italy is noted for its food, fashion and fast cars. Now its ad community is putting the southern European nation on the map. Designers of ads, cars, furniture and clothes take the spotlight in Special Report.

Chevy deserts Monday football

By ROBERT RAISSMAN

General Motors' Chevrolet division last week pulled out of ABC-TV's "Monday Night Football" for 1986, just a month after ABC reportedly spurned GM's \$43 million offer to be the exclusive domestic auto in the network's coverage of the 1988 Winter Olympic Games.

Chevy, which held the "Monday Night Football" domestic auto exclusivity or shared it with other GM divisions since 1979, walked away from what would have been at least a \$25 million commitment this fall.

ABC vp-sports sales Larre Barrett said Ford Motor Co., Chrysler, Buick and Pontiac have taken positions in the football broadcasts. A fifth domestic auto is being

(Continued on Page 93)

Daytime here early in upfront

By VERNE GAY

NEW YORK—It wasn't supposed to happen for at least two months, but the daytime upfront market has started moving.

Several advertisers last week were making requests to network executives for upfront daytime packages, with deals expected to be made as early as this week.

Upfront buying involves purchasing tv inventory months in advance of scheduled airing.

The flurry of activity was completely unexpected in most quarters. Daytime remains the softest daypart in network tv and there has been little impetus in the buying community

(Continued on Page 93)

West Coast news

Seafood chain taps Cochrane

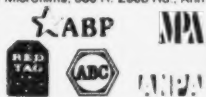
Seafood Broiler Restaurants, Los Angeles, hired Cochrane Chase, Livingston & Co., Newport Beach, Cal., to succeed Scott Lancaster Mills Atha, Los Angeles, as its agency following a review. Contenders for the 23-restaurant chain's \$1.5 million account included Keye/Donna/Pearlstein, Kresser, Craig/D.I.K. and Mendelsohn/Zien, all Los Angeles.

Akal America Ltd., Compton, Cal., named Klein/Richardson, (Continued on Page 93)

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Special Report



Ad community toasts emerging creativity

By R. Craig Endicott
and Cecelia Reed

After years of advertising that might as well have been stamped "Made Elsewhere," Italy's ad community has found its creative voice. It speaks the quality that underlies the nation's noted excellence in making food, fashion and fast cars, and reflects the Italian market's stable, though tightening economy.

Ad spending has been climbing in Italy, but the annual percentage increase declined. The resulting budgets, added to excessive tv ad clutter and growth in other advertising media, have ignited the need for greater creativity.

Total ad spending in Italy in 1986 is an estimated \$2.67 billion, a 9.9% increase over 1985, according to ASSAP, the Italian agency association. Total ad spending in 1985 of \$2.43 billion

was up 14.6% from 1984, a 19.1% increase from 1983.

Economic expansion, which has stimulated advertising, spawned growth in Italian tv, which was cut loose from state control in the late

1970s. This growth, encouraged by regulatory oversight, has led to a profusion of commercials. The need to overcome such clutter has spurred shops, including RSCG Mezzano Costantini Mignani, STZ and Testa, Pella, Rossetti, Milan, to create advertising that stands out and is distinctly Italian to boot.

Legislation is pending to eliminate advertising clutter on state-run tv station RAI and the private stations. RAI has tried to diffuse the clutter by airing commercials in non-prime-time blocks; the national private stations, Canale 5, Italia 1 and RETE 4, have not.

Another problem for advertisers has been the confusion of media rates and prices. This unevenness has fostered the emergence of 14 independent media buying companies that sell media at discount prices. Recently, eight leading agencies formed their own group, Cristallo, to

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Inside:

STZ uses touch of absurd
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Milan shop makes product the star
Page S-2

Consumers have designs on Italy
Page S-3

Exports fashion strong industry
Page S-4

Memphis reflects modern world
Page S-4

Guigiaro leaves mark on autos
Page S-5

Giugiaro leaves his mark on world's autos

By Claire Wilson

Twelve million of his cars, including Volkswagen Rabbits and Lotus Esprits, are on the road today. He has a taxi design in New York's Museum of Modern Art, and his signature is on the only designer pasta that exists.

With all this to his credit, one might expect Italian industrial designer Giorgetto Giugiaro to take some time off—a minute perhaps to collect his thoughts or half an hour for lunch without the telephone ringing.

But slow is not Mr. Giugiaro's style. Seated in a conference room in the sleek headquarters of his company, Ital Design, in an industrial park on the outskirts of Turin, Mr. Giugiaro's repartee is a flow of one idea after another. He talks excitedly and jokes frequently, making sketches on a notepad to illustrate his point.

How busy is he? An aide jokes

that the only successful meetings he can manage with the head man are running from his office to the model room.

"It's a long haul and he has no choice but to listen," the aide shrugs. "It's the only way."

Apparently, this pace is status quo for Mr. Giugiaro, the 48-year-old son of a Piedmontese fresco painter. With his northern Italian polish and good looks, he has the air of a person who rarely gets nervous about anything—as long as things move along quickly enough. Watching Mr. Giugiaro, the designer of the Fiat Uno and the Renault 5 as well as a Nikon camera and a Seiko watch, it is clear he and the group at Ital Design thrive on such a pace. "We are like a jet. If we don't stay at 1,000 kilometers, we go down," he says.

Anyone who follows car design knows his career is only picking up speed. In its third annual 10 best issue last year, *Car and Driver* magazine called Mr. Giugiaro "the world's best living automotive designer." Aldo Mantovani, Mr. Giugiaro's technical collaborator for almost 20 years, says the two now are working as they never have before. "At this point, Giugiaro is giving the best of himself," Mr. Mantovani says.

Some of that best is Detroit-bound. Like countryman Sergio Pininfarina, the designer of the recently unveiled Cadillac Allante, Mr. Giugiaro is at work on projects for the U.S. One is a

midpriced, two-seater sports car for Ford that should be introduced in the late 1980s. The other projects have not been made public.

Mr. Giugiaro is much praised for his ability to create beautiful

ing study in addition to presentation, model styling and construction services traditionally offered by such design studios.

Among Mr. Giugiaro's greatest successes are the Volkswagen Dasher and the original VW

Scirocco, the Delta, Thema and Prisma for Lancia, the Fiat Panda and the Uno. There are 1.5 million Unos on the road and, according to Mr. Maioli, Fiat styling director, such cars are where Mr. Giugiaro exerts his real talent for innovative automotive design. "Smaller cars really allow him to express his creativity," Mr. Maioli says.

Critics of industrial design concur that Mr. Giugiaro makes beautiful cars, at any price. "He is a master of aesthetics and proportion," says Nigel Chapman, head of Transport Design at London's Royal College of Art. "He is a visionary in terms of analyzing new developments in cars, but his most extraordinary quality is his versatility."

Mr. Giugiaro might well be one of the most versatile designers to come down the pike. He is also responsible for the Alfa Romeo Alfesud, the Audi 4000, the Ferrari 250GT and the Maserati Bora.

His name is a selling point in TBWA Advertising's European campaign for the Spanish SEAT Ibiza, which he designed, and a prototype he did was the fore-runner to such people carriers as the Renault Espace, the Nissan

Prairie and the Honda Shuttle.

Ital Design turns out about 20 car designs a year, but Mr. Giugiaro has several other outlets for his creative energy. The pasta he designed was for Naples-based pasta maker Voiello, and it was the first new pasta shape in 50 years. Under a separate design division, Giugiaro Design, he has created a line of men's clothing for the Seiko Group in Japan, interiors for Agusta Helicopters, Parker Pens, office furnishing for Tecno, major appliances for Candy and a Necchi sewing machine.

His reputation for solving design problems is evident in a Seiko watch with a slanted crystal, so drivers don't have to strain to read it, and his design for the Nikon F3 camera where he put the motor on a slant for better balance.

Mr. Giugiaro, who is married and has two children, allows that he may be a little impulsive, but not being afraid to take design risks is part of his success. It is in that way the partners complement each other, according to Mr. Mantovani. "He's the one who says, 'Let's take the chance,'" the associate says. "And I say, yes, but . . ."

Mr. Giugiaro already has experience in Detroit and does not expect to exercise any caprices with the big three U.S. auto makers. He lets on that Detroit's consumer pretesting of designs can be nerve-racking to the designer of the cars of the future, but he views it as a test of sorts for himself.

"I know that when one of my designs is accepted by the consumer panels," he says, "it is already obsolete and I have to get back to work."



Giorgetto Giugiaro, who designed the Ibiza, believes in breaking rules in his designs.

cars known for space and cost efficiency. He boasts he can engineer a prototype and calculate the man-hours needed to produce the car. He considers it part of Ital Design's service.

Mr. Giugiaro got his start in automotive design at the age of 17 when he went to work at the Fiat styling center after graduating from the Turin Academy of Fine Arts. In 1959, he joined Carrozzeria Bertone, a car design studio, and in 1968, he was appointed director of the Ghia styling and prototype center in Turin. He founded Ital Design with his two partners, Mr. Mantovani and Mario Maioli, that year.

Ital Design was among the first to offer design engineering, prototype construction, final assembly process and manufactur-

Italy facts

Population (000,000):

Total: 56.874

0-14: 11.311 25-44: 15.312

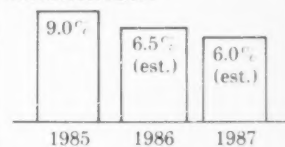
15-24: 8.905 45-64: 13.742

65 and over: 7.603

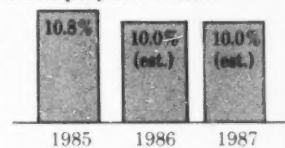
Real GDP growth (per annum.):



Inflation rate:



Unemployment rate:



Television sets: 13.8 mil.

Political outlook/risk:

The center-right coalition under some threat from mid-year. Trend is for Communists to try a moderate "new look."

Economic forecast:

Modest recovery highlighted by falling oil prices, easing of credit and modest gains in investment, private consumption and production. Unemployment to remain stable; consumer prices to fall slightly.

Free market attitude:

Generally favorable and officially supported.

Foreign investment:

Very favorable; generous investment incentives open to foreign firms wishing to invest in the lesser developed areas of the south and Sicily.

Source: Business International Corp.

Toasts creativity

(Continued from Page S-1)
combat this encroachment.

The feverish merger activity affecting major advertisers and agencies on a global basis has company in Italy, particularly in the foreign-dominated agency business.

Of the 36 Italian agencies reported in the April 21 ADVERTISING AGE Foreign Income Report, only six were independent of either affiliation status or ownership from abroad. The affiliated shops accounted for \$1.15 billion in billings in 1985, or 47.3% of the national ad pie.

The top three agencies are McCann-Erickson Italiana, J. Walter Thompson Italia and Foote, Cone & Belding, all U.S.-based.

The decline in oil prices should give Italy's economy an extra boost this year. Its gross domestic product, initially forecast to grow 2.0% in 1986 when oil prices were more than \$25 a barrel, instead should hit 3.0% now that prices have dropped to less than \$18 a barrel. This compares with 2.5% growth in 1985

when oil prices were higher. Oil is by far Italy's major import commodity. The country's economic fortunes also hang on internal developments in two major export markets—the U.S. and West Germany.

After years of soaring inflation, Prime Minister Bettino Craxi's Socialist government has brought

inflation to 9% at the start of this year from 16% in 1983.

An annual reading of 6.5% to 7% is predicted by yearend. Unemployment remains a relatively stable 10%.

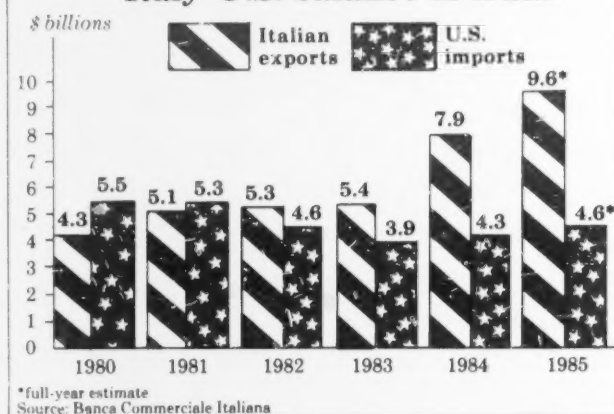
Italy's trade deficit continues to be nettlesome as imports are expected to grow 6% while exports increase 5%, predicts Business International Corp., New York, an international business consulting company,

which notes those percentages are subject to change depending on oil prices. Italy had a \$6.3 billion trade deficit in 1985. Should the depreciation of the dollar continue through 1986, however, Italy's balance-of-payments deficit could improve, according to Business International reports.

Lower inflation and an estimated 9% rise in wages (only a 1% increase in real wages) is not expected to stimulate the economy internally in 1986.

This economic leveling off will be reflected on the agency side. Italy's seventh largest agency, Ata Univas, for example, sees an increase of only 3.5% in billings in 1986, compared with 7.1% and 11% gains in 1985 and 1984, respectively, during more heady periods of economic and advertising growth.

Italy-U.S. balance of trade



Managing editor Cecelia Reed coordinated this report on Italy.

Coming

Next week ADVERTISING AGE's Special Report will focus on Licensing.